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Thomas W. Hayes
Auditor General

April 3, 1987

P-723

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
State Capitol, Room 3151
Sacramento, California 95814

Dear Mr. Chairman and Members:

This letter presents the results of our review of issues of potential conflict of interest involving Ms. Margie Handley, a commissioner on the California Transportation Commission (commission). We found no instances of improper activity by Commissioner Handley. All contracts between Commissioner Handley's firm and the State were awarded in conformance with the State's competitive bidding requirements. Further, the State Transportation Improvement Program (STIP) projects in which her firm has participated as a subcontractor were publicly identified in the STIP before Commissioner Handley's appointment.

From January 1, 1985, through March 17, 1987, Commissioner Handley's firm, Hot Rocks, Inc., received 28 contracts totaling \$4.5 million for participation as a material supplier or subcontractor in highway construction projects. Before her appointment on April 22, 1986, Hot Rocks received 15 contracts totaling \$1.7 million; since April 22, 1986, Hot Rocks has received 13 contracts totaling \$2.8 million. Twenty of the 28 contracts were purchase orders awarded by the Department of General Services or the Department of Transportation, all of which were awarded in conformance with the State's competitive bidding process. Only one of these 20 contracts was awarded by the Department of Transportation (department) after Commissioner Handley's appointment to the commission. The other 8 contracts were awarded by prime contractors working on Department of Transportation projects. The department does not require that subcontracts be competitively bid because they are awarded by the prime contractor rather than the State.

In the process of adopting the STIP, the commission is required to act in a public forum on the recommendations of the department and regional transportation planning agencies. Commission minutes indicate that Commissioner Handley has abstained from voting on all projects in areas where her firm does business--Lake, Mendocino, and Sonoma

counties--except for one signal light project in Sonoma County on April 24, 1986. Commissioner Handley has stated that this project is not one that her firm would have bid on. Determining whether the level of funding for projects in these three counties has increased is difficult because the STIP budgets for 1985 and 1986 are not directly comparable. There have been different inflation rates affecting the five-year STIP period, changes in project estimates, and delays in project schedules. After considering the changes in the cost of construction and the different factors applicable to the two years, we determined that the 1986 STIP estimates for Lake, Mendocino, and Sonoma counties represent an increase in funding of approximately 4.2 percent over the 1985 STIP. However, the specifically identified STIP projects in which Commissioner Handley's firm acted as a subcontractor had been identified in the 1985 STIP before Commissioner Handley was appointed.

Finally, in May 1986, Commissioner Handley bought the excavation rights from the owner of a site in Lake County, near State Highways 20 and 53. As part of this agreement, she assumed the owner's contract responsibility to allow the department to remove 10,000 cubic yards of material over a 19-month period. This contract was not changed after her purchase.

Background

The Department of Transportation and the California Transportation Commission are the agencies primarily responsible for controlling highway construction projects in California. The department is responsible for planning, developing, constructing, and maintaining the State's transportation facilities. Each year, the department prepares a proposed five-year State Transportation Improvement Program for review by the commission and regional transportation planning agencies. Specified regional transportation planning agencies are required to prepare regional transportation improvement programs for the commission's review. The commission acts as a quasi-legislative body, adopting the STIP based on past commitments and a review of competing department, regional, and rural proposals. The STIP that the commission adopts is the department's authority to begin developing the transportation improvement projects. The approved STIP is a public document and is available from the department, regional planning agencies, and the commission.

The commission has nine voting members who are appointed by the governor and two ex-officio members of the Legislature. Gubernatorial appointees must be confirmed by the Senate within one year. Commissioner Handley was appointed by the governor on April 16, 1986,

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and took the oath of office April 22, 1986. Thus, to maintain her appointment, Commissioner Handley must be confirmed by the Senate by April 22, 1987.

It has been alleged that, since being appointed to the commission a year ago, Commissioner Handley has quadrupled the amount of business that her firm, Hot Rocks, Inc., does with the department. In addition, business rivals from Mendocino County have alleged that Commissioner Handley used her access to commission records and other commissioners to gain information in advance of her competitors so that she could secure the rights to rock and gravel quarries near pending road projects, thereby enhancing her chances of landing contracts. Further, it has been alleged that Commissioner Handley urged fellow commissioners and other road-building officials to speed up a highway project that would benefit her financially because it would be going through land she owns in Mendocino County.

Several sections of the Government Code apply to potential conflicts of interest. Section 81001 states that public officials whether elected or appointed should perform their duties in an impartial manner, free from bias caused by their own financial interest. Section 81002 states that assets and income of public officials that may be materially affected by their official actions should be disclosed, and in appropriate circumstances, the officials should be disqualified from acting so that conflict of interest may be avoided. In addition, Section 87100 states that no public official at any level of government shall make, participate in making, or in any way attempt to use his or her official position to influence a government decision in which he or she has reason to know that he or she has a financial interest. Finally, Section 1090 states that members of the Legislature and state and local officers may not be financially interested in any contract that they make.

In May 1986, Commissioner Handley requested an opinion from the Fair Political Practices Commission and the Attorney General's Office concerning possible conflicts of interest between her duties as a commissioner and her ownership of Hot Rocks. The Fair Political Practices Commission advised Commissioner Handley that she was prohibited from participating in decisions involving portions of the STIP that could have a material financial effect on Hot Rocks. In September 1986, the Attorney General's Office issued an opinion stating that Section 1090 of the Government Code does not prohibit Commissioner Handley from bidding on state contracts.

In a letter to the Senate Office of Research on February 12, 1987, Commissioner Handley disclosed a list of projects for which the State

of California paid Hot Rocks either directly or indirectly through another prime contractor. She also stated "I am very aware of potential conflict and take great care to avoid any situation that could possibly be construed as a conflict of interest. I do not vote on any projects in Lake, Sonoma, or Mendocino counties where I do business."

Scope and Methodology

The purpose of this audit was to investigate issues of possible conflict of interest involving Commissioner Margie Handley. We reviewed the state contracts awarded to Commissioner Handley's firm, Hot Rocks, Inc., since January 1985, the commission's actions concerning the STIP since Commissioner Handley's appointment, the department's policies and procedures for obtaining material sites, and the status of the project to construct a highway bypassing the city of Willits.

To determine if Commissioner Handley influenced the award of state contracts to her firm, we reviewed all of the contracts between Hot Rocks and the Department of Transportation and the Department of General Services. We also reviewed the procedures of both departments for awarding contracts to Hot Rocks. In addition, we interviewed staff from the Department of Transportation's Office of Highway Maintenance to determine how maintenance projects are developed. Finally, we reviewed the requirements for the award of contracts involving a "small business preference" and for the award of contracts requiring participation of a "Women's Business Enterprise," which is stipulated by the federal government.

In reviewing the allegations that Commissioner Handley inappropriately affected the development of the STIP to benefit her firm, we obtained and reviewed commission minutes on all STIP decisions since Ms. Handley was appointed to the commission. We compared the STIP decisions to the contracts that Hot Rocks has been awarded to determine if her membership on the commission could have affected decisions so that her firm would benefit. We also interviewed staff from the department's Office of Highway Maintenance to determine if Commissioner Handley could affect maintenance project decisions to benefit her firm. In addition, we reviewed opinions that Commissioner Handley requested from the Fair Political Practices Commission and the Attorney General's Office concerning commission activities that she would be restricted from participating in.

To determine whether Commissioner Handley used her position on the commission to inappropriately obtain rights to a gravel site in Lake

County, we interviewed staff from the department's Office of Construction in both Sacramento and District 1, which includes Lake County. Finally, we interviewed staff from the department's Office of Program Planning and Development to determine the status of the proposed State Highway 101 bypass of Willits.

We have briefed the commission staff and Commissioner Handley on the results of our review and have considered their comments in preparing this report. We did not review Commissioner Handley's other business interests.

State Contracts Awarded to Hot Rocks, Inc.

Hot Rocks, Inc., which was incorporated in April 1983, is located in Willits in Mendocino County. Commissioner Handley owns a 55 percent interest in the corporation and serves as its president. Although Hot Rocks has been listed as a builder of roads and highways and supplier of asphalt, sand, and gravel, Commissioner Handley stated in January 1987 that "due to exorbitant liability insurance rates, we are presently a materials supplier only; however, my contractor's license is still valid, and I could contract if I chose to." Hot Rocks holds a general engineering contractor's "Class A" license that is currently in effect.

To determine the amount of business that occurred between Hot Rocks and the State before and after Commissioner Handley's appointment, we compiled and verified a list of projects that Hot Rocks has participated in since January 1985. In compiling these projects, we began with a list that Commissioner Handley provided in a letter to the Senate Office of Research on February 12, 1987, and then verified the list by reviewing Department of Transportation and Department of General Services records. We also reviewed STIP documents to determine if the projects had been identified in the STIP before Commissioner Handley's appointment and to determine if there had been any change in the projects subsequent to her appointment.

We grouped the projects that Hot Rocks has worked on since January 1, 1985, into two categories: projects worked on between January 1, 1985, and the date of Commissioner Handley's appointment and those awarded after her appointment through March 17, 1987. Before Commissioner Handley's appointment on April 22, 1986, Hot Rocks received 15 contracts totaling \$1.7 million. Since April 22, 1986, Hot Rocks has received 13 contracts totaling \$2.8 million. (See the attached tables for details on these and other contracts.)

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Hot Rocks has had three types of contracts to supply construction materials: purchase orders and delegated purchase orders, which are contracts with the State, and subcontracts, which are contracts with private firms. To ensure competitiveness, the Public Contract Code, Section 10300 et. seq., makes the Department of General Services responsible for advertising and awarding contracts or purchase orders for highway construction materials. The Public Contract Code, Sections 10302 and 10331, also gives the Department of General Services the right to delegate the responsibility for purchasing supplies to another agency in cases of emergency or when the proposed contract is less than a certain dollar amount. When the Department of Transportation contracts for a major construction project, it contracts only with the prime contractor. In this type of contract, the prime contractor, not the State, enters into agreements with material suppliers to act as subcontractors; the Department of Transportation does not participate in establishing these agreements.

Of the 28 contracts that Hot Rocks has received since January 1, 1985, 15 were purchase orders. All 15 of these purchase orders that the Department of General Services awarded to Hot Rocks from January 1985, to March 1987, were competitively bid and appropriately awarded. Before Commissioner Handley's appointment to the commission, Hot Rocks had received 7 purchase orders worth \$512,102; after her appointment, her firm received 8 purchase orders valued at \$1,276,360.

Under these purchase orders, Hot Rocks provided the Department of Transportation with materials that were used for district-level maintenance projects. According to the chief of the departments' Office of Highway Maintenance, the districts prepare major maintenance plans for their areas. Although the districts' maintenance plans become part of the STIP, they are included only as a lump sum fund estimate for statewide highway maintenance. The commission approves this lump sum estimate, but it does not participate in other discussions or decisions relating to maintenance.

After the department's overall budget is approved, the districts implement their maintenance plans. To do so, districts prepare "purchase estimates" for materials. The districts submit these purchase estimates to the Department of General Services' Office of Procurement, which prepares and sends invitations for bid to a list of pre-qualified bidders in the area that the materials will be used. Bidders submit their sealed bids to the Department of General Services, which opens them publicly and, upon evaluation of the bids, awards the contract. Generally, 15 to 20 invitations were sent to bidders for the purchase orders that Hot Rocks was awarded.

Under Section 1896.2 of the California Administrative Code, any California business that the Department of General Services certifies as a "small business" receives a "small business preference" when competing for state contracts. The preference is given by deducting 5 percent of the lowest bid, if the lowest bidder is not also a small business. If a small business' bid, after deduction of the 5 percent preference, is equal to or lower than the lowest bid, the small business is awarded the contract. In three cases before Commissioner Handley's appointment and once after her appointment, Hot Rocks received purchase orders as a result of the small business preference. In each case, the Department of General Services appropriately applied the small business preference.

The second type of contract awarded to Hot Rocks was the "delegated purchase order." Since January 1, 1985, Hot Rocks received five delegated purchase orders totaling \$111,665. For each of these delegated purchase orders, the department competitively bid and appropriately awarded the contract.

Under a delegated purchase order, the Department of General Services grants the Department of Transportation the right to purchase materials either when there is an emergency or when the total value of the contract is less than a certain amount. The department awarded four delegated purchase orders totaling \$106,696 to Hot Rocks before Commissioner Handley's appointment and one worth \$4,969 after her appointment. Thus, only one of the 20 state contracts awarded to Hot Rocks since Commissioner Handley's appointment was awarded by the department.

Finally, since January 1985, Hot Rocks has received eight subcontracts from other firms holding contracts with the department. Hot Rocks received four subcontracts totaling \$1,071,213 before Ms. Handley became a commissioner and four valued at \$1,513,108 since her appointment. The department becomes involved in the award of subcontracts only when a prime contractor is using the subcontractor to fulfill federal requirements for participation by disadvantaged or women's businesses.

Since January 1985, three prime contractors have awarded subcontracts to Hot Rocks to meet their Women Business Enterprise goals. One was awarded before and two after Commissioner Handley's appointment. The Women Business Enterprise (WBE) program is a federally required affirmative action program designed to increase the involvement of women-owned businesses in projects that are supported by the federal Department of Transportation. The federal Surface Transportation Assistance Act of 1982 requires that states set annual goals for WBE

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participation in these projects. The department is the state agency responsible for administering WBE participation in federally funded projects. According to the chief of the department's Office of Civil Rights, California has a statewide WBE goal of 3 percent. Firms wishing to participate in the WBE program must be certified by the department's Office of Civil Rights. Hot Rocks was originally certified by the department as a WBE in 1983, and its status as a WBE was renewed in February 1987.

Hot Rocks completed its first subcontract as a WBE participant in August 1985, before Commissioner Handley's appointment. Hot Rocks received \$44,534 to supply highway materials. After Commissioner Handley's appointment, Hot Rocks received a \$115,000 subcontract in July 1986 for equipment rental. Additionally, in March 1987, Hot Rocks received a \$1,422,923 subcontract from the Guy Atkinson Company and the Ostrander Construction Company for work on a \$25 million project in Mendocino and Sonoma counties. Of Hot Rocks' total subcontract, \$508,703 counts toward the companies' goal of 3 percent WBE participation for the project.

The STIP Process

In the process of adopting the five-year State Transportation Improvement Program each year, the commission is required to act in a public forum on the recommendations of the department and the regional transportation planning agencies.

The annual process of developing, adopting, and resolving appeals to the STIP starts in August of each year and ends in June of the following year. During August, the department proposes revenue and inflation rate estimates for the upcoming five-year STIP period, and the commission adopts the estimates that it determines appropriate. By October 15, the department must submit to the commission a proposed estimate of funds that will be available for programming and an updated STIP that reflects this new funding. By November 15, the commission must issue its adopted version of the fund estimates.

Using the commission's adopted fund estimates, the department develops a proposed STIP, which it submits to the commission and the regional transportation agencies by the first of March. The regional transportation planning agencies are required to submit their Regional Transportation Improvement Programs to the commission by the first of May. After conducting public hearings and reviewing the proposed STIP, the regional programs, and other submitted comments, the commission adopts the STIP and submits it to the governor and to the Legislature.

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According to the commission's deputy executive director, projects can only be included in the adopted STIP if they are proposed by the department or the regional transportation planning agencies. The commission's role is that of a quasi-legislative body, and it must adopt a STIP based on past commitments and a review of competing department, regional, and rural interests. According to the Government Code, Section 14530, in adopting the STIP, the commission may only deviate from Regional Transportation Improvement Program proposals based on a finding that there are overriding statewide interests, insufficient funding to implement the program, and conflicts between regional programs.

Because of the potential conflict of interest facing a commissioner who owns a company that does business with the State, Commissioner Handley requested a legal opinion from the Fair Political Practices Commission and the Attorney General's Office. Commissioner Handley was told that she was not prohibited from doing business with the State but that she should not participate in commission decisions on portions of the STIP that could financially affect her business.

We reviewed the minutes of all commission meetings since Commissioner Handley was appointed and determined that, except for one project in Sonoma County, Commissioner Handley abstained from voting on all projects in Lake, Mendocino, and Sonoma counties. The commission minutes for the April 24, 1986, meeting are not clear on whether she voted or abstained from voting on a STIP amendment that provided state participation funds for constructing a signal project in Sonoma County. Commissioner Handley has said that she could not remember whether she abstained from voting on this project. She added, however, that the project is in an area of Sonoma County where her company does not do business and that she would not bid on a signal light project.

We also reviewed the department's maintenance budgets for highways in Lake, Mendocino, and Sonoma counties before and after Commissioner Handley's appointment and found no significant increase in funding. Additionally, we reviewed the amounts included in the 1985 and 1986 STIPs for right of way and construction for state highways in Lake, Mendocino, and Sonoma counties before and after Commissioner Handley's appointment. Estimated project costs for the 1985 and 1986 STIPs are not comparable because of different inflation rates affecting the two five-year periods, changes in the department's project cost estimates, and delays in project schedules. For example, the commission approved \$179.7 million (in 1985 dollars) for 67 projects in the 1985 STIP for Lake, Mendocino, and Sonoma counties. In the 1986 STIP, the commission approved \$229.2 million (in 1986 dollars) for 82 projects. However, the 1986 STIP includes 59 projects that were estimated to cost

\$176.1 million in the 1985 STIP but are estimated to cost \$218.1 million in the 1986 STIP. The department completed 7 projects during the 1985 STIP year that cost approximately \$3.6 million (in 1985 dollars). The 1986 STIP includes 24 new projects that are estimated to cost approximately \$11.2 million (in 1986 dollars). After considering the changes in the cost of construction and the different factors applicable to the two years, we determined that the 1986 STIP estimates for projects in Lake, Mendocino, and Sonoma counties represent an increase in funding of approximately 4.2 percent over the 1985 STIP.

Additionally, we reviewed the three 1986 projects for which Hot Rocks acted as a subcontractor to supply highway materials. All three of these projects were included in the 1985 STIP, which had been adopted before Commissioner Handley's appointment.

Finally, we reviewed the circumstances surrounding the involvement of Commissioner Handley in the location of State Highway 101 near Willits. The State Highway 101 project near Willits is not in an adopted STIP, and according to the chief of the department's Division of Highways and Development, it is unlikely that this project will be considered for inclusion in a STIP for at least two years. However, the department's proposed 1987 STIP does recommend that a new special study be conducted on the State Highway 101 bypass of Willits. The department will prepare a detailed study of the improvement and will recommend a schedule for initiating the full environmental and project development process before the proposed 1988 STIP.

Allegations of Improprieties at Quarry Sites

It has been alleged that Commissioner Handley used her access to commission records and reports and to other commissioners to gain information in advance of her competition to secure the rights to rock and gravel quarries near pending road projects, thus enhancing her chances of obtaining contracts. These allegations centered on two quarry sites: one in Lake County near the junction of State Highways 20 and 53 and one in Mendocino County near Laytonville. Commissioner Handley has said that she uses public information sources, such as approved STIPs, as a planning tool for determining where and when materials will be needed for highway and road projects.

According to the department's policy and procedures concerning material supply sites, the department enters into agreements or makes arrangements with owners of material sites either when the absence of such arrangements would result in restriction of competition in bidding or when it is in the State's interest that such arrangements be made. On March 1, 1986, the department entered into a contract with Clearlake

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Hotel and Resort Company for the rights to remove up to 10,000 cubic yards of material over the next 19 months from a quarry located near the junction of State Highways 20 and 53 in Lake County. This was the department's fifth agreement with Clearlake Hotel and Resort Company since 1973 for the removal of material from this quarry site.

The department has used this quarry site as a source of material for eight highway construction projects. According to the assistant construction engineer for the district, the department's current agreement was to ensure an adequate supply of material for two projects on State Highway 20. Both projects were originally programmed in the 1985 STIP. One project, to repair storm damage, was completed in August 1986 at a cost of \$640,000. The department plans to start construction on the second project, a bridge replacement estimated to cost \$3.0 million, in August 1987. Additionally, 6 other projects near the quarry site estimated to cost \$16.1 million are programmed in the updated 1986 STIP for construction during the next 5 years. The six projects were programmed in the 1985 STIP with an estimated cost of 14.6 million.

Hot Rocks entered into an agreement with the Clearlake Hotel and Resort Company on May 1, 1986, for the exclusive rights to excavate rock from this quarry site. According to the agreement, Hot Rocks is bound by the terms of the contract that Clearlake Hotel and Resort Company has with the department.

The other quarry site referred to in the allegations is located near Laytonville in Mendocino County. Commissioner Handley said that she planned to obtain a material source near Laytonville so that she could bid on contracts to supply materials for the construction of several highway projects. Commissioner Handley stated that, because of the local residents' opposition to her planned operation, she has withdrawn her request for a permit to develop a rock and gravel operation in the city of Laytonville. She is, however, still looking for a gravel source near Laytonville. Commissioner Handley stated that she owns a quarry site near Laytonville with a permit to extract rock only. However, she has been looking since 1984 for a site near Laytonville for a crushing and asphalt operation.

Commissioner Handley has said that her company has made its quarry operation portable so that it can be moved nearer to construction sites in Lake, Mendocino, and Sonoma counties. According to Commissioner Handley, transportation costs can amount to a significant portion of the cost of materials, so if a source of materials can be located near a project, her bids on projects can be very competitive.

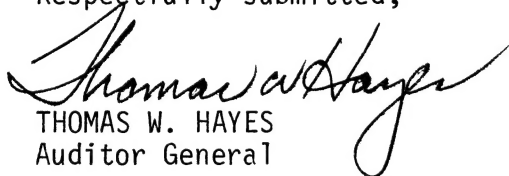
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Conclusion

From January 1, 1985, through March 17, 1987, Commissioner Margie Handley's firm, Hot Rocks, Inc., received 28 contracts totaling \$4.5 million for participation as a material supplier or subcontractor in highway construction projects. Before Commissioner Handley's appointment to the California Transportation Commission on April 22, 1986, Hot Rocks received 15 contracts totaling \$1.7 million; since April 22, 1986, Hot Rocks has received 13 contracts totaling \$2.8 million. All of the contracts with the State were awarded in conformance with the State's competitive bidding process. Additionally, the STIP projects in which Commissioner Handley's firm is acting as a subcontractor were all identified in the 1985 STIP, which the commission had adopted before her appointment. We found no instances of improper activity by Commissioner Handley.

We conducted this review under the authority vested in the Auditor General by Section 10500 et. seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this letter.

Respectfully submitted,


THOMAS W. HAYES
Auditor General

Attachments

TABLE 1
HOT ROCKS, INC.
CONTRACTING ACTIVITY
JANUARY 1, 1985 TO APRIL 22, 1986

Advertised Date	Award Date	State Contract Number	Amount of Contract*	Company's Role: Prime Contractor, Subcontractor, or Material Supplier	Contract by General Services, Caltrans, Other	Comments/Notes
**	04/19/85	PO# 04088	\$ 45,200.00	Supplier to Caltrans	Gen Svcs	Supply highway materials - Hwy 1
**	04/25/85	PO# 04172	122,125.00	Supplier to Caltrans	Gen Svcs	Supply highway materials - Hwy 101
**	04/22/85	PO# 04125	10,150.00	Supplier to Caltrans	Gen Svcs	Supply highway materials - Hendy Woods State Park
04/08/85	05/30/85	01-196514	47,535.00	Subcontractor	Other	Supply highway materials - Hwy 20
05/28/85	07/25/85	04-108834	260,819.06	Subcontractor	Other	Supply highway materials - Hwy 116
06/03/85	08/19/85	01-203-34	703,459.17	Subcontractor	Other	Supply highway materials - Hwy 128
**	08/28/85	PO# 00904	37,162.50	Supplier to Caltrans	Gen Svcs	Supply highway materials - Hwy 1
10/15/85	12/12/85	01-200164	59,400.00	Supplier to others	Other	Supply highway materials - Hwy 20
Subtotal			1,285,850.73			
02/28/86	03/03/86	CD01-2422	62,010.00	Supplier to Caltrans	Caltrans	Supply highway materials - Hwy 162
03/12/86	03/18/86	CD01-2319	1,821.61	Supplier to Caltrans	Caltrans	Supply highway materials - Hwy 101
**	03/20/86	PO# 03367	102,801.00	Supplier to Caltrans	Gen Svcs	Supply highway materials - Hwy 1
03/21/86	03/24/86	CD01-2500	41,181.00†	Supplier to Caltrans	Caltrans	Supply highway materials - Hwy 162
**	03/25/86	PO# 03488	127,331.25	Supplier to Caltrans	Gen Svcs	Supply highway materials - Hwy 101
03/13/86	03/26/86	CD01-2510	1,683.17	Supplier to Caltrans	Caltrans	Supply highway materials - Hwy 1
**	03/26/86	PO# 03532	67,332.00	Supplier to Caltrans	Gen Svcs	Supply highway materials - Hwys 253 & 128
Subtotal			404,160.03			
Total			\$1,690,010.76			

*All dollar amounts of supplies with a "PO" or a "CD" number are the contract award amounts that were verified by the Department of General Services contract or the Department of Transportation (Caltrans) contract. These may not be the same as the amounts paid on the contracts. The dollar amounts of subcontracts for supplies to a prime contractor that are not identified by a "PO" or a "CD" number were supplied by Commissioner Handley and could not be verified with the Department of General Services or Caltrans.

**We were unable to obtain the advertised dates for these projects.

†Commissioner Handley stated that she received \$29,923.78 for this contract.

TABLE 2
HOT ROCKS, INC.
CONTRACTING ACTIVITY
APRIL 22, 1986 TO MARCH 17, 1987

Advertised Date	Award Date	State Contract Number	Amount of Contract*	Company's Role: Prime Contractor, Subcontractor, or Material Supplier	Contract by General Services, Caltrans, Other	Comments/Notes
**	06/24/86	01-203205	\$ 2,731.98	Supplier to others	Other	Supply highway materials - Hwy 101
05/19/86	07/09/86	01-100424	25,300.38	Supplier to others	Other	Supply highway materials - Hwy 101
06/24/86	07/11/86	PO# 00535	252,300.00	Supplier to Caltrans	Gen Svcs	Supply highway materials - Hwys 20 & 101
06/24/86	07/11/86	PO# 00536	166,500.00	Supplier to Caltrans	Gen Svcs	Supply highway materials - Hwy 20
05/21/86	07/15/86	PO# 00538	247,960.00	Supplier to Caltrans	Gen Svcs	Supply highway materials - Hwy 162
06/19/86	07/23/86	PO# 00585	84,910.00	Supplier to Caltrans	Gen Svcs	Supply highway materials - Hwy 20
06/19/86	07/25/86	PO# 00591	197,052.50	Supplier to Caltrans	Gen Svcs	Supply highway materials - Hwys 53, 175, & 29
06/02/86	07/25/86	01-183104	62,152.79	Rental to others	Other	Rent equipment - Hwy 20
06/13/86	07/29/86	PO# 00618	49,430.00	Supplier to Caltrans	Gen Svcs	Supply highway materials - Hwy 1
05/21/86	07/31/86	PO# 00639	168,200.00	Supplier to Caltrans	Gen Svcs	Supply highway materials - Hwys 1 & 20
06/13/86	08/01/86	PO# 00638	110,007.50	Supplier to Caltrans	Gen Svcs	Supply highway materials - Hwy 101
09/24/86	09/24/86	CD01-2353	4,968.75	Supplier to Caltrans	Caltrans	Supply highway materials - Hwy 29
Subtotal			1,371,513.90			
09/15/86	03/17/87	04-400764	1,422,922.52†	Supplier to others	Other	Supply highway materials - Hwy 101
Subtotal			1,422,922.52			
Total			\$2,794,436.42			

*All dollar amounts of supplies with a "PO" or a "CD" number are the contract award amounts that were verified by the Department of General Services contract or the Department of Transportation (Caltrans) contract. These may not be the same as the amounts paid on the contracts. The dollar amounts of subcontracts for supplies to a prime contractor that are not identified by a "PO" or a "CD" number were supplied by Commissioner Handley and could not be verified with the Department of General Services or Caltrans.

**We were unable to obtain the advertised date for this project.

†This project was not included in Commissioner Handley's February 12, 1987, letter to the Senate Office of Research; it was identified by Caltrans. Commissioner Handley stated that she signed the PO for \$1,422,922.52 on March 17, 1987.

TABLE 3
HOT ROCKS, INC.
CONTRACTING ACTIVITY
BEFORE JANUARY 1, 1985

Completion Date	Caltrans Contract No.	Amount of Contract*	Company's Role: Prime Contractor, Subcontractor, or Material Supplier	Contract by General Services, Caltrans, Other	Comments/Notes
10/20/83	01-195354	\$1,413,002.00	Prime Contractor	Caltrans	Asphalt overlay & digouts on Hwy 50
Subtotal		1,413,002.00			
02/17/84	01-200094	269,806.00	Subcontractor	Other	Manufactured & delivered highway materials to Juan Creek on Hwy 1
06/22/84	01-200044	181,622.00	Prime Contractor	Caltrans	Realign curve on Hwy 1 at Little River
09/07/84	01-196784	279,033.00	Prime Contractor	Caltrans	Replace 70 culverts, Avenue of Giants
Subtotal		730,461.00			
Total		\$2,143,463.00			

*The amount of contract is the amount Commissioner Handley stated that Hot Rocks, Inc., received. We have not verified these amounts.